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The Director of Central Intelligence

Washington, D. C. 20505

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24 May 1982

MEMORANDUM FOR: The President
 Secretary of State
 Secretary of the Treasury
 Secretary of Defense
 Secretary of Commerce
 United States Trade Representative
 Assistant to the President for
 National Security Affairs
 Deputy Secretary of Defense
 Under Secretary of Commerce for
 International Trade
 Under Secretary of Defense for Policy
 Assistant Secretary of State for
 Economic and Business Affairs

SUBJECT: The United States in the World Economy:
 Elements of Strength

This memorandum prepared by the National Intelligence Council deliberately takes an upbeat view of the economic performance of the United States for the last decade and the prospects looking beyond the present recession toward the mid-80s. There are some ideas and charts which you might find valuable in preparing for the Versailles Summit.

William J. Casey
 William J. Casey

Attachment:
 NIC M 82-10006

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

24 May 1982

NOTE FOR DCI

FROM: [REDACTED]
 National Intelligence Officer at Large

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I took account of your comments on this paper as follows:

- Reformulated the point about US firms finding it profitable to hire more workers than to invest in labor-saving capital (page 2, 1st paragraph, last sentence).
- Clarified the point about value versus volume of trade (page 2, last paragraph, last sentence).
- Amplified the point about the decline in US market share in OPEC countries (page 3, paragraph 2, second sentence).
- Added some comments on implications for Europe of a strong US recovery (page 4, last paragraph).
- On your question as to whether US investment declined along with savings, it turns out that both the US savings rate and private investment (as a share of GNP) have remained at about the same level for decades. The following table is informative:

US Savings and Investment as a Share of GNP
 (Percent)

	Gross Private Domestic Investment	Gross Savings		
		Personal	Business	Total
1965-69	15.9	4.9	11.8	16.9
1970-74	15.9	5.5	10.9	16.4
1975-79	15.9	4.4	12.7	17.0
1980	15.0	4.0	12.7	16.7
1981 (preliminary)	15.4	3.6	12.7	16.3

All four of the people you suggested --
 [REDACTED] -- have reviewed the paper.

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